



State of Tennessee
Department of State

Administrative Procedures Division
312 Rosa L. Parks Avenue
8th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243-1102
Phone: (615) 741-7008/Fax: (615) 741-4472

October 21, 2021

Erin Tatum, Esq.
Tennessee Department of Commerce and Insurance
General Civil - Legal Division
500 James Robertson Parkway, 5th Floor
Nashville, TN 37243

Haywood Brian Sconyers and HBS Properties, LLC.
HBS Properties, LLC.
P.O. Box 19586
Las Vegas, NV 89132

Garron Amos, Esq.
Tennessee Department of Commerce and Insurance
General Civil - Legal Division
500 James Robertson Parkway, 5th Floor
Nashville, TN 37243

Haywood Brian Sconyers and HBS Properties, LLC.
P.O. Box 134
Dothan, AL 36302

**RE: TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE V. HAYWOOD
BRIAN SCONYERS AND HBS PROPERTIES, LLC., APD Case No. 12.06-201353J**

Enclosed is an *Initial Order*, including a *Notice of Appeal Procedures*, rendered in this case.

Administrative Procedures Division
Tennessee Department of State

Enclosure(s)

**BEFORE THE COMMISSIONER OF THE TENNESSEE DEPARTMENT OF
COMMERCE AND INSURANCE**

IN THE MATTER OF:

**TENNESSEE DEPARTMENT OF
COMMERCE AND INSURANCE,**

Petitioner,

v.

**HAYWOOD BRIAN SCONYERS AND
HBS PROPERTIES, LLC.,**

Respondent.

APD Case No. 12.06-201353J

TSD No. 20-018

INITIAL ORDER

This contested case was heard *de novo* on May 27, 2021, in Nashville, Tennessee, before Administrative Judge Claudia Padfield, assigned by the Secretary of State, Administrative Procedures Division, to sit on behalf of the Tennessee Securities Division. The hearing addressed the allegations contained in the NOTICE OF HEARING AND CHARGES filed on May 1, 2020, pertaining to Respondents, Haywood Brian Sconyers and HBS Properties, LLC. Garron Amos, Associate General Counsel, represented Petitioner, the Department of Commerce and Insurance, Tennessee Securities Division (“the Division”). Associate General Counsels Vishan Ramcharan and Miles Brooks assisted Mr. Amos in representing the Division. Respondent, Haywood Brian Sconyers, appeared *pro se* on behalf of himself and co-Respondent, HBS Properties, LLC.

Respondents filed a MOTION TO CONTINUE on May 26, 2021. As the motion was filed the day before the hearing, the Division did not have time to file a written response, and the motion was addressed at the outset of the hearing. As basis for the request, Respondents stated they were trying to hire new counsel after previous counsel were permitted to withdraw but alleged no attorney would take the case with the currently scheduled hearing date; Respondents alleged no attorney would even appear for the sole purpose of requesting a continuance. Respondents did

not any documentation or correspondence from a licensed attorney to support the allegations of possible legal representation. The Division opposed the motion, as the matter has been pending for more than a year, and three prior hearing dates had been continued. None of the prior continuances were due to the Covid-19 pandemic. Respondents' motion was denied.

The court reporter was given a deadline of June 10, 2021, to file the trial transcript. To allow the parties time to review the transcript and cite to same in their proposed Findings of Fact, the parties were provided a deadline of July 2, 2021, to file any proposed orders. On July 1, 2021, the Department filed a MOTION FOR EXTENSION OF TIME TO FILE PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW as the transcript had not yet been filed. An ORDER ON MOTION FOR EXTENSION was issued on July 2, 2021, granting the motion and permitting the parties until July 23, 2021, to file any proposed orders.

Both parties submitted proposed orders on July 23, 2021. The transcript was filed on August 4, 2021. Due to multiple corrections requested by the Department with the transcript, the amended transcript was filed on August 4, 2021. As such, the RECORD closed on August 4, 2021, and the INITIAL ORDER is due in this matter on November 4, 2021.

After consideration of the RECORD, evidence submitted, testimony, and arguments in this matter, it is **ORDERED** that Respondent, Haywood Brian Sconyers, is assessed **CIVIL PENALTIES** in the total amount of \$225,000 for violations of TENN. CODE ANN. §§ 48-1-104, 48-1-109, and 48-1-121 and costs up to but not to exceed \$10,000. It is **ORDERED** that Respondent, HBS Properties, LLC, is assessed **CIVIL PENALTIES** in the total amount of \$225,000 for violations of TENN. CODE ANN. §§ 48-1-104, 48-1-109, and 48-1-121 prior to 2015. It is **ORDERED** that Respondent, Haywood Brian Sconyers, is **BARRED** from conducting securities business in Tennessee or associating with any broker-dealer, investment adviser, municipal securities dealer, municipal advisor, or agent that conducts securities business in

Tennessee. Respondent, Haywood Brian Sconyers, shall **CEASE AND DESIST** from offering or selling securities, registered or not, in, from, or into the State of Tennessee. These determinations are based upon the following Findings of Fact and Conclusions of Law.

SUMMARY OF THE EVIDENCE

Elisha Michelle Stone, Director of the Financial Services Investigations Unit; James Tracy Ledbetter, investor; and Russell Crouch, investor, testified on behalf of the Division. No witnesses testified on behalf of Respondents.

Twenty-two exhibits were entered into evidence during the hearing. The following exhibits were marked into the record:

1. Referral from the Securities Exchange Commission, August 31, 2015
2. Order of Investigation, October 14, 2015
3. Registration documentation for Division for Respondents
4. Collective: Articles of Organization for Jedd Land Company, LLC, March 18, 2008; Amended and Restated Articles of Organization of Jedd Land Company, LLC, December 8, 2008; Certificate of Amended and Restated Articles of Organization of Jedd Land Company, LLC, December 5, 2008; Articles of Amendment to Articles of Organization for HBS Properties, LLC, January 1, 2011; Certification of Administrative Dissolution, August 9, 2014
5. Collective: Affidavit of Marilyn Martin with attachments
6. Collective: Securities Division Investor Complaint of Susan Duensing, April 28, 2016, with attachments
7. Collective: Securities Division Investor Complaint of Thomas Duensing, April 26, 2016, with attachments
8. Collective: Affidavit of Edward Jack with attachments
9. Collective: Securities Division Investor Complaint of Marla Strauss, May 21, 2016, with attachments
10. Collective: Securities Division Investor Complaint of James Rosenberg, May 3, 2016, with attachments
11. Collective: Affidavit of Kurt Maas with attachments
12. Promissory Note between Alison Boynton Ledbetter and J. Tracy Ledbetter and Respondent, April 7, 2009, for \$400,000
13. Promissory Note between Mr. and Mrs. Ledbetter and Respondent, June 12, 2009, for \$150,000
14. Renasant Bank wire transfer from Mr. and Mrs. Ledbetter to Respondent, May 27, 2009, for \$100,000
15. Promissory Note between Mr. and Mrs. Ledbetter and Respondent, July 1, 2009, for \$150,000
16. Promissory Note between Mr. and Mrs. Ledbetter and Respondent, August 1, 2009, for \$50,000

17. Promissory Note between Mr. and Mrs. Ledbetter and Respondent, September 1, 2009, for \$120,000
18. Promissory Note between Mr. and Mrs. Ledbetter and Respondent, October 9, 2009, for \$100,000
19. Promissory Note between Mr. and Mrs. Ledbetter and Respondent, November 19, 2009, for \$80,000
20. Affidavit of Mr. and Mrs. Ledbetter, August 15, 2016
21. Bridge Note between Russell and Jenny Crouch and Respondent, January 15, 2015, for \$25,000
22. Securities Division Investor Complaint for Russell Crouch, May 3, 2016

FINDINGS OF FACT

1. Respondent, Haywood Brian Sconyers, (assigned Central Registration Depository Number (“CRD” #) 4223390 by the Financial Industry Regulatory Authority (“FINRA”)) was registered in Tennessee as an investment advisor representative from November 27, 2006, to May 7, 2014.

2. Mr. Sconyers was a resident of Tennessee during the time he was registered as an investment advisor representative.

3. Respondent, HBS Properties, was formed by Mr. Sconyers in Tennessee on April 1, 2008, under the name of Jedd Land Company, LLC, and dissolved on August 9, 2014.

4. SW Real Income Fund, LLC wholly owned Jedd Land Company, LLC and HBS Properties, while the two (2) companies existed from approximately 2008 to 2014. SW Real Income Fund, LLC was previously registered with the Secretary of State from August 5, 2008, to August 8, 2010, after which its status was revoked.

5. HBS Properties, LLC was not a registered security with the United States Securities and Exchange Commission (“SEC”) nor the Division at the time the promissory notes were made. Additionally, neither HBS Properties, nor any of its subsidiaries or affiliates, were notice filed as registered offerings with the Division, including but not limited to the following: HBS Properties; Sconyers & Company, LLC; HBS Multifamily Managers, LLC; HBS Polaris

Bridge Financing, LLC; HBS Multifamily Investments, LLC; HBS Troy, LLC; and SW Real Income Fund.

6. At all times mentioned hereto, Respondents were never registered as a broker-dealer or agent in Tennessee. At all times mentioned hereto, HBS Properties, LLC employed Mr. Sconyers, who was acting as an unregistered agent when he sold unregistered securities to the nine individuals who filed Investor Complaint with the Division.

7. On August 31, 2015, Petitioner received a referral from the United States Securities Exchange Commission (“SEC”) informing Petitioner that numerous investors had submitted complaints against Mr. Sconyers. EXHIBIT 1.

8. On October 14, 2015, Petitioner entered Order of Investigation No. 2015- 0008 to initiate an investigation against Respondents. EXHIBIT 2.

9. During the investigation, Petitioner received and investigated complaints from nine investors that stated they had signed promissory notes with Respondents, had paid money to Respondents in accordance with the promissory notes, but had not received full payment due them according to the promissory notes. *See* EXHIBITS 5-11, 22.

10. Among those who filed complaints against Respondents was James Tracey Ledbetter. Mr. Ledbetter and his wife, Alison Boynton Ledbetter, entered into multiple promissory notes with Respondents in the amount of \$1,000,000.00. EXHIBITS 12-13, 15-19. Mr. Ledbetter estimated he paid Respondents \$980,000 as some of the promissory notes were discounted. Respondents paid Mr. and Mrs. Ledbetter various interest payments which totaled approximately \$150,000.

11. On or about August 19, 2010, Respondents sold \$400,000 of unregistered securities to Marilyn Martin while in Tennessee. \$130,000 was a promissory note investment Jedd Land signed by “H. Brian Sconyers, President” on November 1, 2010. The promissory note

stated Ms. Martin would receive 8% interest per year. \$100,00 was through a Subscription Agreement signed by Mr. Sconyers as the Managing Member of HBS Multifamily Investments and by Ms. Martin on May 15, 2012. Said Subscription Agreement states the company is an “accredited investor” within the meaning of the Securities and Exchange Commission under the 1933 Act. On August 14, 2014, Mr. Sconyers sent Ms. Martin a letter with the letterhead of HBS Multifamily Managers. The letter promises monthly statements will be sent and they intend “to make steady dividend payments”. After neither payments nor statements were received, Ms. Martin requested to close all accounts. The October 5, 2015, letter from Mr. Sconyers to Ms. Martin requested to liquidate her accounts, Mr. Sconyers wrote, “Because, you did not fully understand the investment, our board approved the sale of your account.” Ms. Martin never received the return of any principal but did receive some interest payments. COLLECTIVE EXHIBIT 5.

12. On or about January 1, 2011, Respondents sold \$130,000 in an unregistered promissory note to Marla Strauss. Respondents were to pay Ms. Strauss interest and principle on September 30, 2013. An undated itemized statement of account provided by HBS Properties, LLC to Ms. Strauss shows the initial investment and note subscription with accrued interest.¹ The balance of the account as of May 31, 2015, is alleged to be \$268,840.66. In her Securities Division Investor Complaint on May 21, 2016, Ms. Strauss wrote, “Nothing has been paid to date.” COLLECTIVE EXHIBIT 9.

13. On approximately December 29, 2010, Respondents sold Susan Duensing an unregistered security memorialized via a note. The “Particular Terms” section of the note state Ms. Duensing had made a loan to the company through the promissory note. Ms. Duensing paid Respondents \$54,704.28 that was to be valued at \$71,115.56 on February 9, 2011. The term of

¹ The statement lists an additional investment of \$50,000 was received on August 31, 2011, but no subsequent security was submitted.

the loan was three years. An undated document states HB Sconyers and Company had “equity in real property appraised at four times the issue amount.” Ms. Duensing received some monthly distributions which were paid into her IRA account with a different entity although the specific amount of interest paid is not provided. COLLECTIVE EXHIBIT 6.

14. On or about August 18, 2011, Respondents sold unregistered securities to Thomas Duensing. On the Investor Information page of the security, Mr. Duensing listed his employer as “Thomas R. Duensing & Assoc., Ltd” and the nature of the business as “Financial Services.” Mr. Duensing provided \$30,000 to Respondents in return for principle and interest, which was memorialized via a note valued at \$39,000. He was to be paid 30% of his investment via monthly distributions. An HBS Properties, llc (*sic*) Balance Sheet, November 27, 2012, listed the total assets of the company at \$10,750,996.00. COLLECTIVE EXHIBIT 7.

15. In approximately September 2011, Respondents sold James Rosenberg \$50,000 of unregistered securities. An Itemized Statement of Account, Demand Notes was sent to Mr. Rosenberg in June 2015. The letterhead states “HBS Properties, LLC, a division of SW Real Income Fund LLC” and states the company is “Managed by: H B Sconyers and Company, LLC, Brian Sconyers.” With accrued interest, the statement lists the account at a value of \$94,500.49 as of May 31, 2015. On his Investor Complaint to the Division, Mr. Rosenberg wrote Mr. Sconyers told him there “was no risk because property was worth more than the amount being borrowed by a large amount. Brian Sconyers sent statements showing value of investment and interest which were never paid. He misled/lied relative to value of property, timing of repayment and interest. Lied regarding amount of money owed. Lied regarding his supposed repayment to bank and others. All monies should have been repaid years ago, none has. He lied in person, on the phone and via written materials.” COLLECTIVE EXHIBIT 10.

16. In approximately September 2010, Respondents sold Edward Jack \$200,000 of unregistered securities on a 3-year promissory note and a 30% discount on the investment, which placed Mr. Jack's equity at \$260,000. Mr. Jack sent Respondents \$200,000 on August 23, 2010. Mr. Jack received interest payments immediately until May 2013; the amount paid to Mr. Jack was not provided. Respondents told Mr. Jack there was little risk since the property in which the money would be invested was valued at \$4,000,000. COLLECTIVE EXHIBIT 8.

17. In approximately December 2010, Respondents sold Kurt Maas \$50,000 of unregistered securities on a 3-year promissory note with a 30% discount on the investment, which placed Mr. Maas' equity at \$65,000. The note was to pay monthly dividends of 8% annually. Mr. Maas received monthly dividend payments from January 2011 to October 2013; no amount is provided. After the promissory note matured in September 30, 2013, Mr. Maas emailed Mr. Sconyers on March 3, 2014, regarding payment. Mr. Sconyers replied on the same day, stating he would provide a written answer to all questions; no written response was provided. COLLECTIVE EXHIBIT 11.

18. Russell Lee Crouch and his wife, Jenny Crouch, entered into a promissory note on January 15, 2015, with Respondents and paid \$25,000 to Respondents as a Bridge Note. EXHIBIT 21. The terms of the note provided that the entire loan plus interest of at least \$2,500 would be repaid on July 15, 2015. Mr. and Mrs. Crouch received repayment of a few hundred dollars from Respondents after the promissory note became due.

19. At the top of each promissory note entered into between Respondents and the investors, it states in bold print, "THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE."

20. The Director of Financial Services Investigation Unit, Elisha Michele Stone (“Director Stone”), concluded that Respondents violated Tennessee securities law, misled investors, and should be barred from the securities industry in Tennessee to protect Tennessee investors.

21. A promissory note is a security.

22. Securities are required to be registered with Petitioner.

23. The promissory notes at issue were not registered nor exempted from registration.

24. Respondents were not registered to sell securities in Tennessee, and registration is required to sell securities in Tennessee.

APPLICABLE LAW

1. The Tennessee Securities Act of 1980 (“Act”), TENN. CODE ANN. § 48-1-101, *et. seq.*, places the responsibility for the administration of the Act on the Commissioner of the Department. The Division is the lawful agent through which the Commissioner administers the Act pursuant to TENN. CODE ANN. § 48-1-115, and it is authorized to bring this action based on the finding that such action is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, pursuant to TENN. CODE ANN. §§ 48-1-112 and 48-1-116.

2. TENN. CODE ANN. § 48-1-102(20)(A), formerly TENN. CODE ANN. § 48-2-102(16), provides the following applicable definition:

“Security” means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, a life settlement investment or any fractional or pooled interest in a life insurance policy or life settlement investment, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

3. TENN. CODE ANN. § 48-1-109 prior to being amended on May 18, 2017, and formerly TENN. CODE ANN. § 48-2-109 prior to 2012, states:

- (a) It is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part, except that:
 - (1) A bank shall be exempt from registration as a broker-dealer to the extent its activities are excepted under either the definition of “broker” in § 3(a)(4)(B) of the Securities Exchange Act of 1934 or the definition of “dealer” in § 3(a)(5)(C) of the Securities Exchange Act of 1934;
 - (2) A person who limits such person’s activity as a broker-dealer to acting solely as a broker-dealer with regard to charitable gift annuities, as that term is defined by § 56-52-102, shall be exempt from registration as a broker-dealer;
 - (3) A person who limits such person’s activity as an agent to acting solely as an agent on behalf of a person who is eligible for the exemption from broker-dealer registration in subdivision (a)(2) shall be exempt from registration as an agent

- (b) It is unlawful for any broker-dealer to employ an agent to transact business as an agent unless the agent is registered under this part. The registration of an agent is not effective during any period when the agent is not associated with a particular broker-dealer registered under this part. When an agent begins or terminates a connection with a broker-dealer, or begins or terminates those activities which make such person an agent, both the agent and the broker-dealer shall promptly notify the commissioner.
...

- (e) The commissioner may, after notice and an opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation.

4. TENN. CODE ANN. § 48-1-124, prior to being amended on May 18, 2017, and formerly TENN. CODE ANN. § 48-2-124 prior to 2012, establishes:

- (a) This part applies to persons who buy or sell securities from, in or into this state, or who give or receive advice concerning the purchase or sale of securities from, in, or into this state.

- (b) For the purpose of this section, a purchase or sale is made in this state, whether or not either party is then present in this state, when an offer to purchase or sell a security is accepted in this state.

5. TENN. CODE ANN. § 48-1-104, prior to being amended on May 18, 2017, and formerly TENN. CODE ANN. § 48-2-104 prior to 2012, provides:

- (a) It is unlawful for any person to sell any security in this state unless:

- (1) It is registered under this part;
- (2) The security or transaction is exempted under § 48-1-103; or
- (3) The security is a covered security.

- (b) The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section in an amount not to exceed ten thousand dollars (\$10,000) per violation.

6. TENN. CODE ANN. § 48-1-124, prior to being amended on May 18, 2017, and formerly TENN. CODE ANN. § 48-2-124 prior to 2012, establishes:

- (a) This part applies to persons who buy or sell securities from, in or into this state, or who give or receive advice concerning the purchase or sale of securities from, in, or into this state.
- (b) For the purpose of this section, a purchase or sale is made in this state, whether or not either party is then present in this state, when an offer to purchase or sell a security is accepted in this state.

7. TENN. CODE ANN. § 48-1-121, prior to being amended on May 18, 2017, and formerly TENN. CODE ANN. § 48-2-121, prescribes:

- (a) It is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to:

- (1) Employ any device, scheme, or artifice to defraud;
- (2) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- (3) Engage in any act, practice, or course of business which operates or would operate as fraud or deceit upon any person.

- (b) It is unlawful for any person who receives any consideration from another person primarily for advising the other person as to the value of securities

or their purchase or sale, whether through the issuance of analyses or reports or otherwise, in this state, to:

...

(3) Take or have custody of any securities or funds of any client except as the commissioner may be rule permit or unless the person is licensed as a broker-dealer under this part.

...

(d) The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed five thousand dollars (\$5,000) per violation.

ANALYSIS AND CONCLUSIONS OF LAW

During the timeframe applicable for the securities in question, HBS Properties, LLC (previously Jedd Land Company, LLC) was a Tennessee Limited Liability Company. It was wholly owned by SW Real Income Fund. SW Real Income Fund's sole holding was HBS Properties, LLC. The sole managing member of HBS Properties, LLC was Haywood Brian Sconyers. For all intents and purposes, Haywood Brian Sconyers and HBS Properties, LLC were the same entity.

Mr. Sconyers alleges in his proposed findings that he sold HBS Properties and has not been affiliated with HBS Properties since 2015. Respondent did not submit any documentation to support this assertion. Respondent did not raise this defense at the hearing or prior to submitting his proposed findings on July 23, 2021. Respondent accepted service on behalf of himself and HBS Properties when the NOTICE OF HEARING AND CHARGES was filed on May 1, 2020. Respondent, through counsel and individually, has been actively involved in this case since its inception. Even if taken as factual that Respondent has not been associated with HBS Properties since 2015, Respondent acknowledges he was affiliated with them prior to this date. As such, he is liable as the sole member of said entity for the actions of HBS Properties prior to

2015. The promissory notes in question were all signed by Respondent and were all signed prior to 2015. The assertion that Mr. Sconyers has “a full release of any and all liability” from “all investors” is not supported by any oral testimony or documents submitted into evidence.

While only two of the seven investors who filed complaints against Respondents testified at the hearing, the other seven complaints with attachments were admitted as hearing exhibits without objection. Evidence “may be admitted if it is of a type commonly relied upon by reasonably prudent men in the conduct of their affairs.” TENN. CODE ANN. § 4-5-313(1). The Division’s Investor Complaints were used by the Division in their investigation of Respondents and are commonly used in the course of the Division’s business conduct. Respondents had notice through the NOTICE OF HEARING AND CHARGES filed on May 1, 2020, and through the WITNESS AND EXHIBIT LIST filed on May 20, 2021, that the Division was relying up on the complainants and their submitted documents in proceeding with the allegations against Respondents. As such, the evidence as submitted through the Investor Complaints is accepted.

Respondents argue that all promissory notes signed stated that Respondent, Mr. Sconyers, was not a broker and that the investments were not registered. Respondents seems to argue that deceiving the investors into believing these two actions were not necessary excuses Respondents of the violations. This argument is baseless.

Respondents argue that when “the project went badly, I, in good faith, negotiated an exit that gave all investors a satisfactory position.” A “satisfactory position” would be the return of their initial investment plus interest. Neither of the two investors who testified against Respondents nor the other seven who filed complaints against Respondents were provided with a return of their funds in any substantial way. The court fails to see how a loss of all money invested is a “satisfactory position”. Regardless of the outcome of the investment and even if the investors would have been repaid their principle plus interest, the promissory notes were

securities that should have been registered. Mr. Sconyers, in performing these actions with the investors, should have been a licensed broker-agent or agent.

Respondents further argue that the investors were active investors who knew what they were doing. To the contrary, the fact that the investors would believe Respondents' statements that the promissory notes were not required to be registered or that Mr. Sconyers was not required to be a licensed broker in order to conduct the transactions prove that the investors were not savvy investors. The investors relied upon statements made by Respondents in investing their money with Mr. Sconyers.

Petitioner has proven by a preponderance of the evidence that Respondents sold securities in Tennessee while not registered to sell securities in Tennessee in violation of TENN. CODE ANN. § 48-1-109. Petitioner has proven by a preponderance of the evidence that Respondents sold unregistered securities in Tennessee in violation of TENN. CODE ANN. § 48-1-104. Petitioner has proven by a preponderance of the evidence that Respondents misled investors in violation of TENN. CODE ANN. § 48-1-121.

In determining the amount of the civil penalty assessed against Respondents, Respondents have failed to acknowledge any wrongful actions. By failing to do so, there is no evidence that Respondents will not engage in the same or similar conduct in the future. As such, the maximum civil penalty must be imposed in order to ensure Respondents receives a substantial economic deterrent for the violations. Petitioner has not filed an itemized bill of assessed costs.

Considering all relevant factors, it is **ORDERED** that Respondent, Haywood Brian Sconyers, is **ASSESSED** nine civil penalties of \$10,000 dollars for a total civil penalty of \$90,000 for violations of TENN. CODE ANN. § 48-1-109. It is **ORDERED** that Respondent, HBS Properties, LLC, is **ASSESSED** nine civil penalties of \$10,000 dollars for a total civil penalty of

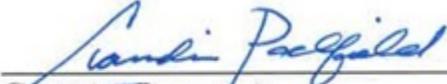
\$90,000 for violations prior to 2015 of TENN. CODE ANN. § 48-1-109. Respondent, Haywood Brian Sconyers, is **ASSESSED** nine civil penalties of \$10,000 for a total civil penalty of \$90,00 for violations of TENN. CODE ANN. § 48-1-104. Respondent, HBS Properties, LLC, is **ASSESSED** nine civil penalties of \$10,000 for a total civil penalty of \$90,00 for violations of TENN. CODE ANN. § 48-1-104 prior to 2015. Respondent, Haywood Brian Sconyers, is **ASSESSED** nine civil penalties of \$5,000 for a total civil penalty of \$45,00 for violations of TENN. CODE ANN. § 48-1-121. Respondent, HBS Properties, LLC, is **ASSESSED** nine civil penalties of \$5,000 for a total civil penalty of \$45,00 for violations of TENN. CODE ANN. § 48-1-121 prior to 2015. Respondent, Haywood Brian Sconyers, is **ASSESSED** costs of up to but not to exceed \$10,000. Payment of these civil penalties and costs are to be paid within thirty days after the entry of the INITIAL ORDER and the filing of the Final Bill of Costs by the Division with the Administrative Procedures Division.

It is **ORDERED** that Respondent, Haywood Brian Sconyers, is **BARRED** from conducting securities business in Tennessee or associating with any broker-dealer, investment adviser, municipal securities dealer, municipal advisor, or agent that conducts securities business in Tennessee. Respondent, Haywood Brian Sconyers, shall **CEASE AND DESIST** from offering or selling securities, registered or not, in, from, or into the State of Tennessee.

This INITIAL ORDER imposing sanctions against Respondent is entered to protect the public and investors in the State of Tennessee, consistent with the purposes fairly intended by the policy and provisions of the Law.

It is so **ORDERED**.

This INITIAL ORDER entered and effective this the **21st day of October, 2021**.



CLAUDIA PADFIELD
ADMINISTRATIVE JUDGE
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

Filed in the Administrative Procedures Division, Office of the Secretary of State, this the
21st day of October, 2021.



STEPHANIE SHACKELFORD, DIRECTOR
ADMINISTRATIVE PROCEDURES DIVISION
OFFICE OF THE SECRETARY OF STATE

NOTICE OF APPEAL PROCEDURES

REVIEW OF INITIAL ORDER

The Administrative Judge's decision in your case **BEFORE THE COMMISSIONER OF THE TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE (COMMISSIONER)**, called an Initial Order, was entered on **October 21, 2021**. The Initial Order is not a Final Order but shall become a Final Order unless:

1. **A Party Files a Petition for Reconsideration of the Initial Order:** You may ask the Administrative Judge to reconsider the decision by filing a Petition for Reconsideration with the Administrative Procedures Division (APD). A Petition for Reconsideration should include your name and the above APD case number and should state the specific reasons why you think the decision is incorrect. APD must **receive** your written Petition no later than 15 days after entry of the Initial Order, which is no later than **November 5, 2021**. A new 15 day period for the filing of an appeal to the **COMMISSIONER** (as set forth in paragraph (2), below) starts to run from the entry date of an order ruling on a Petition for Reconsideration, or from the twentieth day after filing of the Petition if no order is issued. Filing instructions are included at the end of this document.

The Administrative Judge has 20 days from receipt of your Petition to grant, deny, or take no action on your Petition for Reconsideration. If the Petition is granted, you will be notified about further proceedings, and the timeline for appealing (as discussed in paragraph (2), below) will be adjusted. If no action is taken within 20 days, the Petition is deemed denied. As discussed below, if the Petition is denied, you may file an Appeal, which must be **received** by APD no later than 15 days after the date of denial of the Petition. *See* TENN. CODE ANN. §§ 4-5-317 and 4-5-322.

2. **A Party Files an Appeal of the Initial Order:** You may appeal the decision to the **COMMISSIONER** by filing an Appeal of the Initial Order with APD. An Appeal of the Initial Order should include your name and the above APD case number and state that you want to appeal the decision to the **COMMISSIONER**, along with the specific reasons for your appeal. APD must **receive** your written Appeal no later than 15 days after the entry of the Initial Order, which is no later than **November 5, 2021**. The filing of a Petition for Reconsideration is not required before appealing. *See* TENN. CODE ANN. § 4-5-317.
3. **The COMMISSIONER decides to Review the Initial Order:** In addition, the **COMMISSIONER** may give written notice of the intent to review the Initial Order, within 15 days after the entry of the Initial Order.

If either of the actions set forth in paragraphs (2) or (3) above occurs prior to the Initial Order becoming a Final Order, there is no Final Order until the **COMMISSIONER** renders a Final Order.

If none of the actions in paragraphs (1), (2), or (3) above are taken, then the Initial Order will become a Final Order. **In that event, YOU WILL NOT RECEIVE FURTHER NOTICE OF THE INITIAL ORDER BECOMING A FINAL ORDER.**

STAY

In addition, you may file a Petition asking the Administrative Judge for a stay that will delay the effectiveness of the Initial Order. A Petition for Stay must be **received** by APD within 7 days of the date of entry of the Initial Order, which is no later than **October 28, 2021**. *See* TENN. CODE ANN. § 4-5-316. A reviewing court also may order a stay of the Final Order upon appropriate terms. *See* TENN. CODE ANN. §§ 4-5-322 and 4-5-317.

**IN THE MATTER OF:
TENNESSEE DEPARTMENT OF COMMERCE AND
INSURANCE V. HAYWOOD BRIAN SCONYERS AND HBS
PROPERTIES, LLC.**

APD CASE No. 12.06-201353J

NOTICE OF APPEAL PROCEDURES

**IN THE MATTER OF:
TENNESSEE DEPARTMENT OF COMMERCE AND
INSURANCE V. HAYWOOD BRIAN SCONYERS AND HBS
PROPERTIES, LLC.**

APD CASE No. 12.06-201353J

NOTICE OF APPEAL PROCEDURES

REVIEW OF A FINAL ORDER

When an Initial Order becomes a Final Order, a person who is aggrieved by a Final Order in a contested case may seek judicial review of the Final Order by filing a Petition for Review “in the Chancery Court nearest to the place of residence of the person contesting the agency action or alternatively, at the person’s discretion, in the chancery court nearest to the place where the cause of action arose, or in the Chancery Court of Davidson County,” within 60 days of the date the Initial Order becomes a Final Order. *See* TENN. CODE ANN. § 4-5-322. The filing of a Petition for Reconsideration is not required before appealing. *See* TENN. CODE ANN. § 4-5-317.

FILING

Documents should be filed with the Administrative Procedures Division by email *or* fax:

Email: APD.Filings@tn.gov

Fax: 615-741-4472

In the event you do not have access to email or fax, you may mail or deliver documents to:

Secretary of State
Administrative Procedures Division
William R. Snodgrass Tower
312 Rosa L. Parks Avenue, 8th Floor
Nashville, TN 37243-1102